GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Health Care Finance

Testimony of

Dr. Julie Hudman

Director

Department of Health Care Finance

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DHCF FY10 Oversight Testimony

Good morning, my name is Julie Hudman and I am the Director of the District's Department of Health Care Finance (DHCF). I am pleased to provide testimony about the Department's accomplishments and continued progress in Fiscal Year 2009 and Fiscal Year 2010 to date. Established as a cabinet-level agency on October 1st, 2008, DHCF operates the Medicaid and Alliance programs, thereby providing health coverage to 215,000 District residents. One-third of District residents and 60 percent of District children receive health coverage from the Department of Health Care Finance.

Since the Department's creation, DHCF has built a strong foundation serving District residents and maximizing District and Federal resources. In 2010, I look forward to building upon this foundation to continue to fulfill our agency mission, of *improving health outcomes by providing access to comprehensive, cost-effective, and quality health care services for residents of the District of Columbia.*

Serving District Residents

Throughout Fiscal Year 2009 and into Fiscal Year 2010, DHCF has provided services to one in every three District residents by resolving health care disputes, improving comprehensive communications, and increasing access to providers.

In April 2009, DHCF established the Health Care Ombudsman's office. The Ombudsman's Office solves consumer complaints related to program eligibility, health services and prescription drugs access, insurance coverage, reimbursement for health services and quality of care for District residents. In the first 8 months of the program, the Office of the Ombudsman has handled over 1685 cases from residents, answering and resolving health care questions and disputes, and they continue to handle a high volume of cases.

DHCF has made significant strides in improving outreach and communication to providers, advocates and beneficiaries. To ensure information exchange across these groups, DHCF provides bi-weekly email updates and bi-monthly newsletters to providers. In addition, DHCF has conducted quarterly town hall meetings with health care providers, and hosted two community forums on health care services in the District. We've also hosted quarterly managed care forums for residents to discuss concerns regarding their health care.

Additionally, DHCF increased provider participation in the Medicaid and Alliance programs to ensure beneficiary access to quality services. This past April, DHCF increased Medicaid provider fees to 100% of Medicare rates for the District's Medicaid fee-for-service program, one of only 11 states to do so. This rate change enables DHCF to attract providers to the District's Medicaid program, and as a result, 41 new providers have been enrolled in the Medicaid managed care networks that serve our beneficiaries.

Promoting Integrity and Quality

In addition to serving District residents, DHCF greatly increased the cost-effectiveness and efficiency of our operations and programs in order to promote integrity and quality in our programs. In 2009, DHCF collaborated with the District's Office of the Inspector General's Medicaid Fraud Control Unit (MFCU) to redesign DHCF's investigations unit. These changes resulted in the referral of 21 cases of potential fraud – nearly triple the prior year's amount. One such case, involving a home care agency, included collaboration with the OIG's MFCU, United States Attorney's Office for the District of Columbia and the Federal Bureau of Investigation. As a result, DHCF currently seeks to recoup over $10 million in possible fraudulent claims from this provider.

In an effort to preserve and reduce abuse of limited resources, DHCF rolled out initiatives to ensure that residents who enroll in the Medicaid or Alliance program are indeed District residents who lack access to other public or private insurance. This past year, DHCF worked with the Department of Human Services to implement new policies regarding proof of residency for Alliance beneficiaries and limiting access to District programs if the beneficiary has other health insurance. These changes help preserve these programs for District residents.

To continue improving quality among our services, we are implementing the Quality Improvement Collaborative in the areas of perinatal and chronic illness outcomes. This Collaborative will allow DHCF to focus managed care plans and their resources on two of the most pressing health issues facing the District – infant mortality and lack of appropriate care for those with chronic health conditions. In addition, our managed care organizations (MCOs) will be accountable for improving health outcomes through two avenues – a Consumer Report Card and financial incentives in pay-for-performance initiatives.

The results from the Consumer Report Card will provide guidance for beneficiaries choosing an MCO. The report card will provide data on MCO performance inclusive of quality measures. The results will then be used to provide beneficiaries with guidance when selecting an MCO. Specific tracking measures will include: patient experience of care, quality of data provided by the plan, provider network adequacy and accessibility, health education provided to enrollees, patient care coordination, activities to improve chronic care outcomes, and activities to improve perinatal outcomes. Pay-for-performance initiatives will also be used to drive MCO quality through financial incentives.

Maximizing resources

Throughout our first year, DHCF continuously sought opportunities to maximize our resources and preserve our programs. One major initiative is the development of an Administrative Services Organization (ASO). Several audits from previous years' Medicaid claims from the Child and Family Services Agency (CFSA), and the District of Columbia Public Schools (DCPS) resulted in disallowances from the Federal government because these agencies were not able to provide supporting documentation or services billed for were not allowable under Medicaid law. To help prevent these disallowances in future audits, DHCF has contracted with a vendor to develop this ASO to provide claims submission and reconciliation support for DHCF's sister agencies. The selected vendor will create a system and be held financially accountable to ensure that claims are submitted accurately, timely, with all supporting documentation and appropriate validations to pass future audits.

DHCF has also been collaborating with DCPS and the Office of the State Superintendant of Education (OSSE) to expand school based health services to students with individual education plans (IEPs). The reimbursable services have been expanded to include skilled nursing services, personal care services, mental health and counseling, and orientation and mobility. In December, CFSA brought health screenings and exams of children entering their care to an in-house clinic under the direction of the agency's on-staff pediatrician and an expanded team of registered nurses. The in-house clinic will provide quality care in a convenient, child-friendly atmosphere while improving collection of medical histories and documentation of health services. CFSA will be receiving Medicaid funding for new services provided at the clinic.

To access additional resources, DHCF, in collaboration with Department of Health, applied for and received a $5.1 million grant for our Statewide Health Information Exchange

(HIE) Planning Cooperative Agreement by the US Department of Health and Human Services, Office of the National Coordinator for Health Information Technology. The District's project, "*Connecting the Capitol Region: The District of Columbia's Health Information Exchange,"* will leverage current efforts to establish a seamless District-wide integrated interoperable Health Information Exchange (HIE). This HIE is the first step in achieving the District's ultimate goal of developing patient based health care records for all District residents, which can be accessed regardless of clinical setting. This grant will allow the District to facilitate adoption of electronic health records by private providers to promote improved quality of care and health outcomes. We have already begun engaging stakeholders across the region to develop strategic and operational plans for the creation of a seamless HIE, and we are developing our internal capabilities to support this effort and will engage outside contractors, as necessary, to meet the requirements of the grant.

Expanding coverage

In this struggling economy, as more people turn to public health coverage, we look forward to expanding our coverage and our role in District health with the Healthy DC program. I want to take this chance to thank you, Chairman Catania, for your leadership in shepherding in numerous health care expansions over the years, including for children and seniors up to 300% of the federal poverty level (FPL), for adults who now receive coverage for dental care, and for the uninsured residents, with incomes too high to qualify for Medicaid or the Alliance, who will soon benefit from Healthy DC.

Building a solid foundation

These accomplishments were made possible during our first year by creating a solid foundation for the Department through improved systems, personnel and internal controls.

We greatly increased the efficiency of our payment systems when we implemented a new Medicaid Management Information System (MMIS). DHCF operationalized the new MMIS system more quickly than any other jurisdiction using this system to date, and the system has already greatly improved our overall payment processes. While there were a few challenges with provider payments in the weeks following implementation, the new MMIS system is a vast improvement for our Medicaid providers. For example, new features include a user-friendly website for providers including provider enrollment and claims submission, fraud and abuse detection and surveillance software to report trends that may lead to investigation, and lightning fast eligibility verification. For example, providers using the old system of Interactive Voice Recognition (IVS), verifying eligibility of 10 beneficiaries took 21 minutes, however using the new MMIS system, the same process took 2 minutes. This is just one example of the benefits of how the new system has increased efficiency, maximizing our staffing resources and improved our services to providers.

The Department worked tirelessly during Fiscal Year 2009 to improve the structure and knowledge base of our staff. In August, the Department completed a major realignment, shaping the organization of our agency personnel to best fulfill our Department goals. Even with a limited human resources staff, we completed over 110 hiring actions during Fiscal Year 2009 and successfully negotiated the impact and effect of the realignment with three unions. In addition, the Department received approval from the Centers for Medicare and Medicaid Services (CMS) to receive federal participation for severance and retirement costs, lessening the burden of change for District taxpayers. Furthermore, the Department has held multiple "Medicaid 101" training seminars and brown bag lunches for staff to improve their understanding of Medicaid services, the State Plan and the limitations and opportunities of

federal entitlement programs. Recognizing the citywide limitations on travel and conference budgets during these difficult economic times, the Department utilized internal resources to share this knowledge.

Finally, the Department's focus on strengthening internal controls was recognized by substantial improvement in this year's Comprehensive Annual Financial Report (CAFR) report. In 2008, Medicaid saw 9 findings in the CAFR and was listed as a material weakness. In 2009, Medicaid saw 5 findings and was again listed as a material weakness. This year, Medicaid has only 3 findings and has been upgraded to a significant deficiency. In addition, the Department has made substantial progress in reducing the backlog of cost reports of our sister agencies. In 2009, we worked through reports dating all the way back to 2002. After this past year, we completed the analysis of all reports up through 2006. With that type of progress in a single year, we are confident that we will be up to date within the next year, and therefore, have eliminated another of the findings for the Department.

Conclusion

Thank you very much for the opportunity to testify on the strong foundation the Department of Health Care Finance has built during its first year as a cabinet-level agency. We will continue to work tirelessly on behalf of the 200,000 District residents for whom we provide necessary health coverage in an effort to improve health outcomes for these vulnerable populations. I look forward to continuing to work with the Committee on Health and the Council on the persistent progress of our Department. I would be happy to answer questions at this time.